

CITY OF WYOMING HOUSING COMMISSION  
WYOMING, MICHIGAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006  
AND  
REPORTS ON COMPLIANCE AND  
ON INTERNAL CONTROL

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name City of Wyoming Housing Commission	County KENT
Fiscal Year End 3-31-2006	Opinion Date 07-20-2006	Date Audit Report Submitted to State 9/12/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

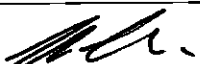
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Sailor, Khan & Co., LLC		Telephone Number 314-726-3308	
Street Address P.O. Box 16180		City St. Louis	State MO
		Zip 63105	
Authorizing CPA Signature	Printed Name Shah I. Khan 		License Number 1101018584

CITY OF WYOMING HOUSING COMMISSION  
Wyoming, Michigan

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Sailor

Certified Public Accountants

Khan & Co. LLC

### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
City of Wyoming Housing Commission  
Wyoming, Michigan

We have audited the accompanying basic financial statements of the City of Wyoming Housing Commission, Michigan, (Commission) as of and for the year ended March 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

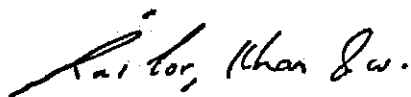
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Wyoming Housing Commission, Michigan, as of March 31, 2006, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2006, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages ii to vii is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining accompanying supplemental information including the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Sailor, Khan & Co. LLC  
July 20, 2006

## City of Wyoming Housing Commission

### Management's Discussion and Analysis (MD&A)

March 31, 2006

(Unaudited)

The Wyoming Housing Commission's (the "Commission") management discussion and analysis is designed to (a) assist the reader in focusing on the significant financial issues, (b) provide an overview of the financial activities for the year ended March 31, 2006, (c) identify changes in the Commission's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Commission's management discussion and analysis is designed to focus on the current fiscal year's activities, resulting changes and known facts, readers are encouraged to consider the information presented here in conjunction with the Commission's financial statements, which begin on page 1.

For accounting purposes, the Commission is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

#### FINANCIAL HIGHLIGHTS

- The term "net assets" refers to the difference between assets and liabilities. The Wyoming Housing Commission increased its net assets by \$578,698 for the year, an increase of 12.6%.
- Unrestricted net assets increased from \$271,954 in 2005 to \$836,671 for 2006.
- Revenues and contributions for the Commission were \$7,885,192 for the year ended March 31, 2006. This was an increase of \$450,461 or 6.1% from the prior year.
- Expenses for the Commission were \$7,360,701 for the year ended March 31, 2006. This was an increase of \$67,377 or 0.9% from the prior year.
- HUD operating grants was \$7,135,768 for the year ended March 31, 2006. This was an increase of \$218,595 or 3.2% over the prior year. Capital contributions for the Commission was \$238,220 for the year ended March 31, 2006. This was an increase of \$238,220 or 100% over the prior year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Commission's financial statements are presented as fund level financial statements because the Commission only has proprietary funds.

#### Required Financial Statements

The Statement of Net Assets, Statement of Revenues, Expenses and Change in Net Assets, Statement of Cash Flows, and Notes to the Financial Statements provide information about the activities of the Commission's funds. These statements include all assets and liabilities using the full accrual basis of accounting. The report also contains the Schedule of Expenditures of Federal Awards as supplemental information.

## Management's Discussion and Analysis (MD&A) - Continued

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Net Assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. Other factors such as changes in the condition of the Commission's capital assets help to assess the overall financial position.

The Statement of Revenue, Expenses and Changes in Net Assets presents information showing the results of the business activities and how the Commission's net assets changed during the most recent fiscal year. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness. This statement is found on page 3.

The Statement of Cash Flows presents changes in cash, resulting from operational, financing and investing activities. This statement presents cash receipts and cash disbursements information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets. The financial statements may be found on pages 4 & 5 of this report.

#### Notes to the Financial Statements

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Commission's accounting policies, significant account balances and activities, and material risks. The notes to the financial statements may be found on pages 6 through 18 of this report.

#### Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2006 and is required to be included in the audit reporting package.

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. The Schedule of Expenditures of Federal Awards may be found on page 29 of this report.

### FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission maintains three programs: Low Rent/Public Housing, Section 8 Housing Choice Vouchers, and the Capital Fund Program.

## Management's Discussion and Analysis (MD&A) - Continued

### ENTITY-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets exceeded liabilities by \$5,184,031 at the close of the year ended March 31, 2006 up from \$4,605,333 in 2005. The increase in net assets of \$578,698 was due to the change in net assets for the year.

The unrestricted net assets were \$836,671 as of March 31, 2006. This amount may be used to meet the Commission's ongoing obligations. The Commission had no net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Commission is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

### **CONDENSED STATEMENTS OF NET ASSETS MARCH 31**

	2006	2005	Dollar Change	Percent Change
Current and other assets	\$ 1,137,839	\$ 607,613	\$ 530,226	87.3%
Restricted assets	22,539	9,044	13,495	149.2%
Capital assets	4,347,360	4,333,379	13,981	0.3%
Total Assets	<u>5,507,738</u>	<u>4,950,036</u>	<u>557,702</u>	11.3%
Current liabilities	235,525	277,479	(41,954)	-15.1%
Noncurrent liabilities	88,182	67,224	20,958	31.2%
Total Liabilities	<u>323,707</u>	<u>344,703</u>	<u>(20,996)</u>	-6.1%
Net Assets				
Invested in capital assets	4,347,360	4,333,379	13,981	0.3%
Unrestricted	836,671	271,954	564,717	207.7%
Total Net Assets	<u>\$ 5,184,031</u>	<u>\$ 4,605,333</u>	<u>\$ 578,698</u>	12.6%

The Wyoming Housing Commission's current assets increased from \$607,613 in 2005 to \$1,137,839 in 2006. The current assets include the housing assistance payments (HAP) bank account. HUD deposits funds into the account to assist tenants with their rent. If these payments exceed the actual costs, then the excess must be repaid or future distribution from HUD will be reduced accordingly.

The largest portion of the Commission's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Commission uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the table on the following page total revenues and contributions increased by \$450,461 due to increases in rental revenue, HUD operating grants, interest income and capital contributions, which was partially offset by a decrease in other income. The Wyoming Housing Commission continues to lease up to its allotted Housing Choice Vouchers (Section 8) thereby commanding an increase in the housing assistance payments (HAP) from HUD. The total HAP was \$6,134,833 for fiscal year ending March 31, 2006. The earned administrative fees from HUD were \$599,843 for the operation of the Housing Choice Voucher program.

**Management's Discussion and Analysis (MD&A) - Continued**

**ENTITY-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
MARCH 31,**

	<u>2006</u>	<u>2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues and Contributions</b>				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 461,991	\$ 442,352	19,639	4.4%
HUD operating grants	7,135,768	6,917,173	218,595	3.2%
Interest income	14,202	6,804	7,398	108.7%
Capital Contributions	238,220	----	238,220	100.0%
Other income	33,449	68,377	(34,928)	-51.1%
Gain on sale of fixed assets	1,562	25	1,537	6148.0%
Total Revenues and Contributions	<u>7,885,192</u>	<u>7,434,731</u>	<u>450,461</u>	6.1%
<b>Expenses</b>				
Personal services	875,059	794,455	80,604	10.1%
Utilities	160,803	137,599	23,204	16.9%
Operations and maintenance	183,919	151,614	32,305	21.3%
Non routine maintenance	3,445	2,808	637	22.7%
Insurance	38,984	37,125	1,859	5.0%
Payment in lieu of taxes	28,137	28,432	(295)	-1.0%
Other supplies and expenses	101,714	85,234	16,480	19.3%
Housing assistance payments	5,731,997	5,816,972	(84,975)	-1.5%
Depreciation	236,643	239,085	(2,442)	-1.0%
Total Expenses	<u>7,360,701</u>	<u>7,293,324</u>	<u>67,377</u>	0.9%
Change in net assets	524,491	141,407	383,084	
Beginning net assets	4,605,333	4,463,926	141,407	
Prior period adjustments	<u>54,207</u>	<u>----</u>	<u>54,207</u>	
Beginning net assets, adjusted	<u>4,659,540</u>	<u>4,463,926</u>	<u>195,614</u>	
Ending net assets	\$ <u>5,184,031</u>	\$ <u>4,605,333</u>	\$ <u>578,698</u>	

Total expenses for the Commission increased by \$67,377 due to increases in personal services, utilities, operations and maintenance, non routine maintenance, insurance and other supplies and expenses, which were partially offset with decreases in payment in lieu of taxes, housing assistance payments and depreciation.



## Management's Discussion and Analysis (MD&A) - Continued

### CAPITAL ASSETS

As of March 31, 2006, the Commission's investment in capital assets was \$4,347,360 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, and equipment.

#### CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION MARCH 31,

	2006	2005	Dollar Change
Land	\$ 609,714	\$ 609,714	\$ ----
Building	7,469,140	7,649,689	(180,549)
Furniture, equipment and machinery- dwelling	105,467	84,692	20,775
Furniture, equipment and machinery- administration	373,673	375,693	(2,020)
Leasehold improvements	1,690	----	1,690
Construction in progress	391,786	----	391,786
	8,951,470	8,719,788	231,682
Accumulated depreciation	4,604,110	4,386,409	217,701
Total	\$ 4,347,360	\$ 4,333,379	\$ 13,981

The total increase in the Commission's capital assets for the current fiscal year was \$13,981 or 0.3% in terms of net book value. Actual expenditures to purchase equipment and construct capital assets were \$251,363 for the year. The Commission has \$222,171 available in Capital Funds to draw down and spend in the future.

Major capital asset purchases during the current fiscal year include the following:

- Improvement projects totaling \$157,306 were completed during fiscal 2006, which included remodeling 23 kitchens at Waldon Woods, resurfacing and repainting the parking lot at Westwood Apartments, replacing boilers and furnaces in 4 units, replacing roofs on two units, and constructing a fence, lighting and walkway at Waldon Woods to Kent Trails.

### ECONOMIC FACTORS AND ENSUING YEAR'S BUDGET

The following factors were considered in preparing the Commission's budget for the 2007 fiscal year.

- Anticipated revenues from HUD grants
- Anticipated rental revenues
- Property improvements needs
- Projected salary expenses

Since the Wyoming Housing Commission derives most of its funding from the Department of Housing and Urban Development, there remains a concern over shrinking revenues. The Commission is now operating Homeownership Programs in both the Public Housing and Housing Choice Voucher Programs. The WHC will continue to modernize its properties, as funding is available. The Commission is fully staffed. The City of Wyoming is projecting a 3.2% salary increase and staff will be moving to higher pay levels.

**Management's Discussion and Analysis (MD&A) - Continued**

**CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Commission's finances for its customers, investors and creditors and to demonstrate the Commission's accountability for the money it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to the following:

Executive Director  
Wyoming Housing Commission  
2450 – 36<sup>th</sup> Street, SW  
Wyoming, Michigan 49519-3158

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

STATEMENT OF NET ASSETS

March 31, 2006

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 1,049,273.27
Investments	27,500.00
Receivable - net of allowances:	
Accounts	46,151.01
Accrued interest	150.00
Inventory - net of allowances	450.00
Prepaid expenses	<u>14,315.32</u>
Total Current Assets	<u>1,137,839.60</u>

Noncurrent Assets:

Restricted assets:

Cash and cash equivalents	<u>22,539.01</u>
Total restricted assets	<u>22,539.01</u>

Capital assets:

Land, improvements, and construction in progress	1,001,499.87
Other capital assets, net of depreciation	<u>3,345,859.65</u>

Total capital assets- net	<u>4,347,359.52</u>
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Total Noncurrent Assets	<u>4,369,898.53</u>
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Total Assets	<u>\$ 5,507,738.13</u>
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See notes to financial statements

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

STATEMENT OF NET ASSETS (CONTINUED)

March 31, 2006

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 183,865.48
Accrued compensated absences	7,293.72
Tenant security deposit liability	42,787.67
Deferred revenues	<u>1,578.12</u>

Total Current Liabilities	<u>235,524.99</u>
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Noncurrent Liabilities:

Accrued compensated absences	65,643.50
Deferred credits and escrow deposits	<u>22,539.01</u>

Total Noncurrent Liabilities	<u>88,182.51</u>
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Total Liabilities	<u>323,707.50</u>
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**NET ASSETS**

Invested in capital assets	4,347,359.52
Unrestricted	<u>836,671.11</u>

Total Net Assets	<u>5,184,030.63</u>
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Total Liabilities and Net Assets	<u>\$ 5,507,738.13</u>
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See notes to financial statements

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For Year Ended March 31, 2006

**Operating Revenues:**

Rental revenue	\$ 461,990.41
Operating subsidies- HUD grants	7,135,767.76
Other revenues	<u>33,448.79</u>

Total operating revenues	<u>7,631,206.96</u>
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**Operating Expenses:**

Personal services	875,059.43
Utilities	160,802.59
Operations and maintenance	183,918.63
Non routine maintenance	3,445.41
Insurance	38,983.86
Payment in lieu of taxes	28,137.00
Other supplies and expenses	101,714.01
Housing assistance payments	5,731,997.00
Depreciation	<u>236,643.16</u>

Total operating expenses	<u>7,360,701.09</u>
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Operating income (loss)	<u>270,505.87</u>
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**Non-operating revenues (expenses):**

Interest and investment earnings	14,202.31
Gain (Loss) on sale of fixed assets	<u>1,562.10</u>

Net non-operating revenues (expenses)	<u>15,764.41</u>
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Income (loss) before other revenues, expenses, gains, losses and transfers	286,270.28
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Capital contributions	<u>238,219.76</u>
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Change in net assets	524,490.04
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Net assets at beginning of year	4,605,333.16
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Prior period error corrections	<u>54,207.43</u>
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Net assets adjusted at beginning of year	<u>4,659,540.59</u>
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Net assets at end of year	<u>\$ 5,184,030.63</u>
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See notes to financial statements

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

STATEMENT OF CASH FLOWS

For Year Ended March 31, 2006

**Cash flows from operating activities:**

Cash received from tenants	\$ 463,341.52
Cash received from HUD grants- operating	7,135,767.76
Cash received from other operating activities	33,448.79
Cash payments for goods and services	(6,149,852.94)
Cash payments to employees-salaries	(531,808.11)
Cash payments to employees-compensated absences	0.30
Cash payments for employee benefit contributions	(334,958.40)
Cash payments for in lieu of property taxes	<u>(99,357.65)</u>

Net cash provided (used) by operating activities 516,581.27

**Cash flows from capital and related financing activities:**

Capital contributions	251,836.76
Proceeds from sale of assets	2,301.90
Receipts (payments) from deferred credits and escrow deposits	13,495.01
Payments for capital assets	<u>(251,363.07)</u>

Net cash (used) for capital and related financing activities 16,270.60

**Cash flows from investing activities:**

Proceeds from sale of (payments) for investments	(27,500.00)
Interest and dividends	14,052.31
Receipts (payments) from tenant security deposits	<u>2,946.67</u>

Net cash provided (used) from investing activities (10,501.02)

Net increase (decrease) in cash and cash equivalents	522,350.85
Cash and cash equivalents at beginning of year	543,094.00
Adjustments to beginning cash- error correction	<u>6,367.43</u>

Cash and cash equivalents at beginning of year- adjusted 549,461.43

Cash and cash equivalents at end of year \$ 1,071,812.28

Cash and cash equivalents	\$ 1,049,273.27
Restricted cash and cash equivalents	<u>22,539.01</u>

Total cash and cash equivalents at end of year \$ 1,071,812.28

See notes to financial statements

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended March 31, 2006

**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities:**

Operating income (loss)	\$ 270,505.87
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	236,643.16
Allowance for doubtful accounts	1,379.00
Changes in assets and liabilities:	
Receivables	(32.01)
Prepaid expenses	(2,317.32)
Accounts and other payables	2,105.23
Deferred revenues	4.12
Compensated absences	<u>8,293.22</u>
Net cash provided (used) by operating activities	<u>\$ 516,581.27</u>

See notes to financial statements

Wyoming, Michigan

March 31, 2006

The City of Wyoming Housing Commission (Commission) is a non-profit entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

**1a. Financial Reporting Entity**

Primary Government: Housing Commission

### 1b. Basis of Presentation

- 6 -



CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1b. Basis of Presentation (Continued)**

Following is a description of the Commission's programs:

<b>Program</b>	<b>Brief Description</b>
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.

**1c. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the financial statements, the "economic resources" measurement focus is used as follows:

- ▶ The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

**Basis of Accounting**

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1d. Assets, Liabilities, and Equity**

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2b. and 3a.

**Interprogram Receivables and Payables**

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

**Receivables**

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accrued interest receivable and accounts receivable-other compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Inventories**

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

**Budgets and Budgetary Accounting**

The Commission adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

**Estimates and Assumptions**

The Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1d. Assets, Liabilities, and Equity (Continued)**

**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$500.00 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 - 45 years
Furniture, equipment and machinery - dwelling	5 - 10 years
Furniture, equipment and machinery - administration	5 - 40 years

**Restricted Assets**

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Housing Choice Vouchers which is a HUD program.

**Compensated Absences**

The Housing Commission's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1d. Assets, Liabilities, and Equity (Continued)**

**Equity Classifications**

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Commission had no related debt.
- b. Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**1e. Revenues, Expenditures, and Expenses**

**Operating Revenues and Expenses**

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

**Interfund Transfers**

For the purposes of the Statement of Revenues, Expenses and Change in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

**NOTE 2 - Stewardship, Compliance, and Accountability**

The Commission and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Commission's compliance with significant laws and regulations and demonstration of its stewardship over Commission resources follows.

**2a. Program Accounting Requirements**

The Commission's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Commission are as follows:

<b>Program</b>	<b>Required By</b>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development

**2b. Deposits and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of the Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Commission must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Commission are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

**2c. Revenue Restrictions**

The Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization

For the year ended March 31, 2006, the Commission complied, in all material respects, with these revenue restrictions.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

**NOTE 3 - Detail Notes on Transaction Classes/Accounts**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3a. Cash and Investments**

**Deposits**

The Commission's policies regarding deposits of cash are discussed in Note 1d. The table presented below is designed to disclose the level of custody credit risk assumed by the Commission based upon how its deposits were insured or secured with collateral at March 31, 2006. The categories of credit risk are defined as follows:

Category 1—Insured by FDIC or collateralized with securities held by the Commission (or public trust) or by its agent in its name

Category 2—Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Commission's name

Category 3—Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Commission's name; or collateralized with no written or approved collateral agreement

Type of Deposits	Total Bank Balance	Custody Credit Risk			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	\$ 1,083,858.01	\$ 1,083,858.01	\$ ----	\$ ----	\$ 943,446.67
U.S. securities	66,622.23	66,622.23	----	----	66,622.23
Certificates of deposits	61,643.38	61,643.38	----	----	61,643.38
Total Deposits	\$ <u>1,212,123.62</u>	\$ <u>1,212,123.62</u>	\$ <u>----</u>	\$ <u>----</u>	\$ <u>1,071,712.28</u>

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

March 31, 2006

**NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)**

**3a. Cash and Investments (Continued)**

**Investments**

The Commission's policies and applicable laws regarding investments are discussed in Notes 1d. and 2b. The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Commission (or public trust) based upon whether the investments are insured or registered and upon who holds the security at March 31, 2006. The categories of credit risk are defined as follows:

Category 1—Insured or registered with securities held by the Commission or its agent in the Commission's name

Category 2—Uninsured and unregistered with securities held by counterparty's trust department or agent in the Commission's name

Category 3—Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Commission's name

	Custody Credit Risk			Carrying Amount	Fair Value
	Category 1	Category 2	Category 3		
Certificate of Deposit	\$ 27,500.00	\$ ----	\$ ----	\$ 27,500.00	\$ 27,500.00
	<u>\$ 27,500.00</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 27,500.00</u>	<u>\$ 27,500.00</u>

**3b. Restricted Assets**

The restricted assets as of March 31, 2006, are as follows:

Type of Restricted Assets	Cash Including Time Deposits	Investments	Accrued Interest	Total
FSS escrow	\$ 22,539.01	\$ ----	\$ ----	22,539.01
	<u>\$ 22,539.01</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 22,539.01</u>

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3c. Accounts Receivable

Receivables detail at March 31, 2006, is as follows:

Tenant accounts receivable	\$ 13,465.01
Allowance for doubtful accounts	<u>(2,314.00)</u>
Tenants accounts receivable - net	11,151.01
Accounts receivable - other government	<u>35,000.00</u>
	<u>\$ 46,151.01</u>

3d Capital Assets

Capital asset activity for the year ended March 31, 2006, was as follows:

	Balance April 1, 2005	Additions	(Retirements)	Balance March 31, 2006
Land	\$ 609,714.00	\$ ----	\$ ----	\$ 609,714.00
Building	7,649,689.38	716.86	(181,266.65)	7,469,139.59
Furniture, equipment and machinery- dwelling	84,692.00	20,774.68	----	105,466.68
Furniture, equipment and machinery- administration	375,692.54	17,661.45	(19,680.60)	373,673.39
Leasehold improvements	----	1,690.00	----	1,690.00
Construction in progress	----	391,785.87	----	391,785.87
	8,719,787.92	<u>\$ 432,628.86</u>	<u>\$ (200,947.25)</u>	8,951,469.53
Accumulated depreciation	<u>4,386,408.51</u>	<u>\$ 237,698.29</u>	<u>\$ (19,996.79)</u>	<u>4,604,110.01</u>
Total	<u>\$ 4,333,379.41</u>			<u>\$ 4,347,359.52</u>



CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

March 31, 2006

**NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)**

**3e. Accounts Payable**

Payable detail at March 31, 2006, is as follows:

Accounts payable - vendors	\$ 82,814.13
Accounts payable - HUD	72,914.35
Accounts payable - other government - PILOT	<u>28,137.00</u>
	\$ <u>183,865.48</u>

Accounts payable - HUD represents amounts owed to HUD for bonuses during the years 1999, 2000, and 2001, that were given to staff. Since the bonuses were provided as gifts, the bonuses were considered an unallowable cost. The Commission must reimburse HUD from non-Federal revenue sources.

**3f. Compensated Absences**

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at March 31, 2006 is \$72,937.22.

**3g. Non-current Liabilities**

As of March 31, 2006, the non-current liabilities are comprised of the following:

Deferred credits and escrow deposits - FSS escrow	\$ 22,539.01
Accrued compensated absences - non current portion	<u>65,643.50</u>
Total	\$ <u>88,182.51</u>

The following is a summary of changes in non-current liabilities for the year ended March 31, 2006:

	<u>Balance March 31, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2006</u>	<u>Amounts Due within One Year</u>
Deferred credits and escrow deposits	\$ 9,044.00	\$ 13,495.01	\$ ----	\$ 22,539.01	\$ ----
Accrued compensated absences	<u>58,180.00</u>	<u>7,463.50</u>	<u>----</u>	<u>65,643.50</u>	<u>7,293.72</u>
Total	\$ <u>67,224.00</u>	\$ <u>20,958.51</u>	\$ <u>----</u>	\$ <u>88,182.51</u>	\$ <u>7,293.72</u>

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

**NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)**

**3h. Interprogram Transactions and Balances**

*Operating Transfers*

	<b>Transfers in</b>	<b>Transfers out</b>
Public and Indian Housing - Low Rent	\$ 157,305.76	\$ ----
Capital Fund Program	----	157,305.76
Total	<u>\$ 157,305.76</u>	<u>\$ 157,305.76</u>

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations.

*Interprogram Receivable/Payable*

Public and Indian Housing - Low Rent	\$ 33,032.89
Housing Choice Vouchers	<u>(33,032.89)</u>
Total	<u>\$ ----</u>

**3i. Unrestricted net assets - Prior-period Error Corrections**

Following is the composite of error corrections:

1. Cash - void prior year checks	\$ 6,367.43
2. Building - reclass prior year transfer of incomplete CFP projects	(181,265.79)
3. Furniture, equipment & machinery - dwelling - reclass prior year transfer of incomplete CFP projects	14,486.77
4. Furniture, equipment & machinery - administration - reclass prior year transfer of incomplete CFP projects	5,235.00
5. Leasehold improvements - reclass prior year transfer of incomplete CFP projects	1,690.00
6. Construction in progress - reclass prior year transfer of incomplete CFP projects	159,854.02
7. Accounts payable - other government - restore to equity	<u>47,840.00</u>
Totals	<u>\$ 54,207.43</u>

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

NOTE 4 - Other Notes

4a. Employee Retirement Plan

Defined Benefit Plan: The Commission has also provided a defined benefit plan. The defined benefit plan is available to all full-time employees not already participating in another plan. In a defined benefit plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest after five years of service. The Commission contributed 16.04 to 20.54 percent of covered payroll.

For the year ended March 31, 2006, the following amounts related to the defined contribution plan:

Commission total payroll	\$ 531,808.11
Payroll for covered employees	\$ 531,808.11
Employer (Commission) contributions made	\$ 103,577.24

4b. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Western Insurance Agency, LLC.
b. Injuries to employees (workers' compensation)	Purchased insurance by the City of Wyoming, Michigan ; Claims are administered by the City of Wyoming, Michigan
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000.00 deductibles.
d. Health and life	Purchased health insurance with the City of Wyoming, Michigan; Life insurance is provided by the City of Wyoming, Michigan

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2006

NOTE 4 - Other Notes (Continued)

4c. Commitments and Contingencies

Commitments—Construction

At March 31, 2006, the Commission had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
	\$	\$
CFP 501-03	\$ 245,880.00	\$ 221,458.42
CFP 501-04	287,723.00	278,307.43
CFP 501-05	<u>275,184.00</u>	<u>86,849.77</u>
	<u>\$ 808,787.00</u>	<u>\$ 586,615.62</u>

Contingencies

The Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM

March 31, 2006

	Low Rent Program	Housing Choice Vouchers
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 259,590.82	\$ 789,682.45
Investments	27,500.00	----
Receivable - net of allowances:		
Accounts	33,151.01	13,000.00
Accrued interest	150.00	----
Due from (to) interprogram	33,032.89	(33,032.89)
Inventory - net of allowances	450.00	----
Prepaid expenses	14,315.32	----
Total Current Assets	<u>368,190.04</u>	<u>769,649.56</u>
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	----	22,539.01
Total restricted assets	----	<u>22,539.01</u>
Capital assets:		
Land, improvements, and construction in progress	609,714.00	----
Other capital assets, net of depreciation	<u>3,309,861.34</u>	<u>12,069.95</u>
Total capital assets- net	<u>3,919,575.34</u>	<u>12,069.95</u>
Total Noncurrent Assets	<u>3,919,575.34</u>	<u>34,608.96</u>
Total Assets	<u>\$ 4,287,765.38</u>	<u>\$ 804,258.52</u>

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

March 31, 2006

	Low Rent Program	Housing Choice Vouchers
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 183,756.66	\$ 108.82
Accrued compensated absences	7,293.72	----
Tenant security deposit liability	42,787.67	----
Deferred revenues	<u>1,578.12</u>	<u>----</u>
Total Current Liabilities	<u>235,416.17</u>	<u>108.82</u>
Noncurrent Liabilities:		
Accrued compensated absences	65,643.50	----
Deferred credits and escrow deposits	<u>-----</u>	<u>22,539.01</u>
Total Noncurrent Liabilities	<u>65,643.50</u>	<u>22,539.01</u>
Total Liabilities	<u>301,059.67</u>	<u>22,647.83</u>
<b>NET ASSETS</b>		
Invested in capital assets	3,919,575.34	12,069.95
Unrestricted	<u>67,130.37</u>	<u>769,540.74</u>
Total Net Assets	<u>3,986,705.71</u>	<u>781,610.69</u>
Total Liabilities and Net Assets	<u>\$ 4,287,765.38</u>	<u>\$ 804,258.52</u>

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

March 31, 2006

	Capital Fund Program	Totals
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ ----	\$ 1,049,273.27
Investments	----	27,500.00
Receivable - net of allowances:		
Accounts	----	46,151.01
Accrued interest	----	150.00
Inventory - net of allowances	----	450.00
Prepaid expenses	----	14,315.32
Total Current Assets	----	1,137,839.60
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	----	22,539.01
Total restricted assets	----	22,539.01
Capital assets:		
Land, improvements, and construction in progress	391,785.87	1,001,499.87
Other capital assets, net of depreciation	23,928.36	3,345,859.65
Total capital assets- net	415,714.23	4,347,359.52
Total Noncurrent Assets	415,714.23	4,369,898.53
Total Assets	\$ 415,714.23	\$ 5,507,738.13

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

March 31, 2006

	Capital Fund Program	Totals
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ -----	\$ 183,865.48
Accrued compensated absences	-----	7,293.72
Tenant security deposit liability	-----	42,787.67
Deferred revenues	-----	1,578.12
Total Current Liabilities	-----	235,524.99
Noncurrent Liabilities:		
Accrued compensated absences	-----	65,643.50
Deferred credits and escrow deposits	-----	22,539.01
Total Noncurrent Liabilities	-----	88,182.51
Total Liabilities	-----	323,707.50
<b>NET ASSETS</b>		
Invested in capital assets	415,714.23	4,347,359.52
Unrestricted	-----	836,671.11
Total Net Assets	415,714.23	5,184,030.63
Total Liabilities and Net Assets	\$ 415,714.23	\$ 5,507,738.13



CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS BY PROGRAM**

For Year Ended March 31, 2006

	Low Rent Program	Housing Choice Vouchers
<b>Operating Revenues:</b>		
Rental revenue	\$ 461,990.41	\$ -----
Operating subsidies- HUD grants	243,786.00	6,734,676.00
Other revenues	16,040.83	17,407.96
	<u>721,817.24</u>	<u>6,752,083.96</u>
<b>Operating Expenses:</b>		
Personal services	486,975.62	388,083.81
Utilities	160,802.59	-----
Operations and maintenance	109,150.64	74,767.99
Non routine maintenance	3,445.41	-----
Insurance	38,983.86	-----
Payment in lieu of taxes	28,137.00	-----
Other supplies and expenses	40,242.14	61,471.87
Housing assistance payments	-----	5,731,997.00
Depreciation	232,206.94	1,720.03
	<u>1,099,944.20</u>	<u>6,258,040.70</u>
Total operating expenses		
	<u>(378,126.96)</u>	<u>494,043.26</u>
Operating income (loss)		
<b>Non-operating revenues (expenses):</b>		
Interest and investment earnings	6,780.34	7,421.97
Gain (Loss) on sale of fixed assets	1,562.10	-----
	<u>8,342.44</u>	<u>7,421.97</u>
Net non-operating revenues (expenses)		
	<u>(369,784.52)</u>	<u>501,465.23</u>
Income (loss) before other revenues, expenses, gains, losses and transfers		
Operating transfers in (out)	<u>157,305.76</u>	<u>-----</u>
Change in net assets	(212,478.76)	501,465.23
Net assets at beginning of year	4,379,395.13	225,938.03
Prior period error corrections	<u>(180,210.66)</u>	<u>54,207.43</u>
Net assets adjusted at beginning of year	<u>4,199,184.47</u>	<u>280,145.46</u>
Net assets at end of year	\$ <u>3,986,705.71</u>	\$ <u>781,610.69</u>

## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)

For Year Ended March 31, 2006

	Capital Fund Program	Totals
<b>Operating Revenues:</b>		
Rental revenue	\$ -----	\$ 461,990.41
Operating subsidies- HUD grants	157,305.76	7,135,767.76
Other revenues	-----	33,448.79
Total operating revenues	157,305.76	7,631,206.96
<b>Operating Expenses:</b>		
Personal services	-----	875,059.43
Utilities	-----	160,802.59
Operations and maintenance	-----	183,918.63
Non routine maintenance	-----	3,445.41
Insurance	-----	38,983.86
Payment in lieu of taxes	-----	28,137.00
Other supplies and expenses	-----	101,714.01
Housing assistance payments	-----	5,731,997.00
Depreciation	2,716.19	236,643.16
Total operating expenses	2,716.19	7,360,701.09
Operating income (loss)	154,589.57	270,505.87
<b>Non-operating revenues (expenses):</b>		
Interest and investment earnings	-----	14,202.31
Gain (Loss) on sale of fixed assets	-----	1,562.10
Net non-operating revenues (expenses)	-----	15,764.41
Income (loss) before other revenues, expenses, gains, losses and transfers	154,589.57	286,270.28
Capital contributions	238,219.76	238,219.76
Operating transfers in (out)	(157,305.76)	-----
Change in net assets	235,503.57	524,490.04
Net assets at beginning of year	-----	4,605,333.16
Prior period error corrections	180,210.66	54,207.43
Net assets adjusted at beginning of year	180,210.66	4,659,540.59
Net assets at end of year	\$ 415,714.23	\$ 5,184,030.63

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM

For Year Ended March 31, 2006

	Low Rent Program	Housing Choice Vouchers
<b>Cash flows from operating activities:</b>		
Cash received from tenants	\$ 463,341.52	\$ -----
Cash received from HUD grants- operating	243,786.00	6,734,676.00
Cash received from other operating activities	16,040.83	17,407.96
Cash payments for goods and services	(274,786.90)	(5,875,066.04)
Cash payments to employees-salaries	(284,307.90)	(247,500.21)
Cash payments to employees-compensated absences	0.30	-----
Cash payments for employee benefit contributions	(194,374.80)	(140,583.60)
Cash payments for in lieu of property taxes	(99,357.65)	-----
Net cash provided (used) by operating activities	<u>(129,658.60)</u>	<u>488,934.11</u>
<b>Cash flows from noncapital financing activities:</b>		
Operating transfers in (out)	157,305.76	-----
Receipts (payments) from interprograms	<u>(4,627.89)</u>	<u>4,627.89</u>
Net cash provided (used ) from non capital financing activities	<u>152,677.87</u>	<u>4,627.89</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts (payments) from interprograms	13,617.00	-----
Proceeds from sale of assets	2,301.90	-----
Receipts (payments) from deferred credits and escrow deposits	-----	13,495.01
Payments for capital assets	<u>(4,414.36)</u>	<u>(8,728.95)</u>
Net cash (used) for capital and related financing activities	<u>11,504.54</u>	<u>4,766.06</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of (payments) for investments	(27,500.00)	-----
Interest and dividends	6,630.34	7,421.97
Receipts (payments) from tenant security deposits	<u>2,946.67</u>	<u>-----</u>
Net cash provided (used ) from investing activities	<u>(17,922.99)</u>	<u>7,421.97</u>
Net increase (decrease) in cash and cash equivalents	16,600.82	505,750.03
Cash and cash equivalents at beginning of year	242,990.00	300,104.00
Adjustments to beginning cash- error correction	-----	<u>6,367.43</u>
Cash and cash equivalents at beginning of year- adjusted	<u>242,990.00</u>	<u>306,471.43</u>
Cash and cash equivalents at end of year	<u>\$ 259,590.82</u>	<u>\$ 812,221.46</u>

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended March 31, 2006

	Low Rent Program	Housing Choice Vouchers
Cash and cash equivalents	\$ 259,590.82	\$ 789,682.45
Restricted cash and cash equivalents	-----	22,539.01
Total cash and cash equivalents at end of year	<u>\$ 259,590.82</u>	<u>\$ 812,221.46</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (378,126.96)	\$ 494,043.26
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	232,206.94	1,720.03
Allowance for doubtful accounts	1,379.00	-----
Changes in assets and liabilities:		
Receivables	(32.01)	-----
Prepaid expenses	(2,317.32)	-----
Accounts and other payables	8,934.41	(6,829.18)
Deferred revenues	4.12	-----
Compensated absences	<u>8,293.22</u>	-----
Net cash provided (used) by operating activities	<u>\$ (129,658.60)</u>	<u>\$ 488,934.11</u>

## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

## COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended March 31, 2006

	Capital Fund Program	Totals
<b>Cash flows from operating activities:</b>		
Cash received from tenants	\$ -----	\$ 463,341.52
Cash received from HUD grants- operating	157,305.76	7,135,767.76
Cash received from other operating activities	-----	33,448.79
Cash payments for goods and services	-----	(6,149,852.94)
Cash payments to employees-salaries	-----	(531,808.11)
Cash payments to employees-compensated absences	-----	0.30
Cash payments for employee benefit contributions	-----	(334,958.40)
Cash payments for in lieu of property taxes	-----	(99,357.65)
	<u>157,305.76</u>	<u>516,581.27</u>
Net cash provided (used) by operating activities		
<b>Cash flows from noncapital financing activities:</b>		
Operating transfers in (out)	<u>(157,305.76)</u>	<u>-----</u>
Net cash provided (used) from non capital financing activities	<u>(157,305.76)</u>	<u>-----</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital contributions	251,836.76	251,836.76
Receipts (payments) from interprograms	(13,617.00)	-----
Proceeds from sale of assets	-----	2,301.90
Receipts (payments) from deferred credits and escrow deposits	-----	13,495.01
Payments for capital assets	<u>(238,219.76)</u>	<u>(251,363.07)</u>
Net cash (used) for capital and related financing activities	<u>-----</u>	<u>16,270.60</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of (payments) for investments	-----	(27,500.00)
Interest and dividends	-----	14,052.31
Receipts (payments) from tenant security deposits	<u>-----</u>	<u>2,946.67</u>
Net cash provided (used) from investing activities	<u>-----</u>	<u>(10,501.02)</u>
Net increase (decrease) in cash and cash equivalents	-----	522,350.85
Cash and cash equivalents at beginning of year	-----	543,094.00
Adjustments to beginning cash- error correction	<u>-----</u>	<u>6,367.43</u>
Cash and cash equivalents at beginning of year- adjusted	<u>-----</u>	<u>549,461.43</u>
Cash and cash equivalents at end of year	\$ <u>-----</u>	\$ <u>1,071,812.28</u>

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended March 31, 2006

	Capital Fund Program	Totals
Cash and cash equivalents	\$ ----	\$ 1,049,273.27
Restricted cash and cash equivalents	-----	22,539.01
Total cash and cash equivalents at end of year	\$ -----	\$ 1,071,812.28
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 154,589.57	\$ 270,505.87
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,716.19	236,643.16
Allowance for doubtful accounts	-----	1,379.00
Changes in assets and liabilities:		
Receivables	-----	(32.01)
Prepaid expenses	-----	(2,317.32)
Accounts and other payables	-----	2,105.23
Deferred revenues	-----	4.12
Compensated absences	-----	8,293.22
Net cash provided (used) by operating activities	\$ 157,305.76	\$ 516,581.27

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

Year Ended March 31, 2006

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<u>Public and Indian Housing</u> <u>Nonmajor - Direct Program</u>		
2006	Low Rent Program	14.850a	\$ <u>243,786.00</u>
	<u>Low Income Public Housing</u> <u>Major - Direct Program</u>		
2006	Housing Choice Vouchers	14.871	\$ <u>6,734,676.00</u>
	<u>Public and Indian Honsing</u> <u>Major - Direct Program</u>		
2006	Capital Fund program	14.872	\$ <u>395,525.52</u>
	<b>Total</b>		\$ <u>7,373,987.52</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

**NOTE 1 - Significant Accounting Policies**

The schedule of federal awards has been prepared on the accrual basis of accounting.

## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

## FINANCIAL DATA SCHEDULE

Year Ended March 31, 2006

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871
	<b>Assets:</b>		
	Current Assets:		
	Cash		
111	Cash-unrestricted	\$ 259,590.82	\$ 789,682.45
113	Cash-other restricted	-----	22,539.01
100	Total cash	<u>259,590.82</u>	<u>812,221.46</u>
	Accounts and notes receivable:		
124	Accounts receivable- other government	22,000.00	13,000.00
126	Accounts receivable- tenants-dwelling rents	13,465.01	-----
126.1	Allowance for doubtful accounts-dwelling rents	(2,314.00)	-----
129	Accrued interest receivable	<u>150.00</u>	<u>-----</u>
120	Total receivables, net of allowance for doubtful accounts	<u>33,301.01</u>	<u>13,000.00</u>
	Current investments:		
131	Investments-unrestricted	27,500.00	-----
142	Prepaid expenses and other assets	14,315.32	-----
143	Inventories	450.00	-----
144/ (347)	Interprogram due from	<u>33,032.89</u>	<u>(33,032.89)</u>
150	Total current assets	<u>368,190.04</u>	<u>792,188.57</u>
	Noncurrent Assets:		
	Fixed assets:		
161	Land	609,714.00	-----
162	Buildings	7,469,139.59	-----
163	Furniture, equipment and machinery-dwellings	84,692.00	-----
164	Furniture, equipment and machinery-administration	255,850.90	112,587.49
166	Accumulated depreciation	<u>(4,499,821.15)</u>	<u>(100,517.54)</u>
160	Total fixed assets, net of accumulated depreciation	<u>3,919,575.34</u>	<u>12,069.95</u>
180	Total noncurrent assets	<u>3,919,575.34</u>	<u>12,069.95</u>
190	Total Assets	<u>\$ 4,287,765.38</u>	<u>\$ 804,258.52</u>



## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended March 31, 2006

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871
	<b>Liabilities and Equity:</b>		
	Liabilities:		
	Current Liabilities:		
312	Accounts payable < 90 days	\$ (82,705.31)	\$ (108.82)
322	Accrued compensated absences- current portion	(7,293.72)	----
333	Accounts payable -other government	(101,051.35)	----
341	Tenant security deposits	(42,787.67)	----
342	Deferred revenues	(1,578.12)	----
310	Total current liabilities	<u>(235,416.17)</u>	<u>(108.82)</u>
	Noncurrent Liabilities:		
353	Noncurrent liabilities-other	----	(22,539.01)
354	Accrued compensated absences- non current portion	(65,643.50)	----
350	Total noncurrent liabilities	<u>(65,643.50)</u>	<u>(22,539.01)</u>
300	Total liabilities	<u>(301,059.67)</u>	<u>(22,647.83)</u>
	Equity:		
508.1	Investment in capital assets , Net of Related Debt	<u>(3,919,575.34)</u>	<u>(12,069.95)</u>
512.1	Unrestricted Net Assets	<u>(67,130.37)</u>	<u>(769,540.74)</u>
600	Total Liabilities and Equity	<u>\$ (4,287,765.38)</u>	<u>\$ (804,258.52)</u>

## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended March 31, 2006

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871
	<b>Revenue:</b>		
703	Net rental revenue	\$ (464,260.38)	\$ -----
704	Tenant revenue-other	(5,757.49)	-----
705	Total tenant revenue	(470,017.87)	-----
706	HUD PHA operating grants	(243,786.00)	(6,734,676.00)
711	Investment income-unrestricted	(6,780.34)	(7,421.97)
714	Fraud recovery	-----	(6,877.46)
715	Other revenue	(16,040.83)	(10,530.50)
716	Gain on sale of fixed assets	(1,562.10)	-----
700	Total revenue	(738,187.14)	(6,759,505.93)
	<b>Expenses:</b>		
	Administrative		
911	Administrative salaries	110,269.24	247,500.21
912	Auditing fees	9,285.32	5,659.72
914	Compensated absences	8,292.92	-----
915	Employee benefit contributions-administrative	75,806.00	140,583.60
916	Other operating-administrative	29,038.93	51,340.42
	Tenant services		
924	Tenant services-other	1,917.89	-----
	Utilities		
931	Water	63,468.85	-----
932	Electricity	42,458.10	-----
933	Gas	54,875.64	-----
	Ordinary maintenance and operation		
941	Ordinary maintenance and operation-labor	174,038.66	-----
942	Ordinary maintenance and operation-materials & other	33,193.23	-----
943	Ordinary maintenance and operation-contract costs	75,957.41	74,767.99
945	Employee benefit contributions-ordinary maintenance	118,568.80	-----

## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended March 31, 2006

FDS Line Item No.	Low Rent Program 14.850a	Housing Choice Vouchers 14.871
General expenses		
961 Insurance premiums	38,983.86	----
962 Other general expense	-----	4,471.73
963 Payments in lieu of taxes	28,137.00	----
964 Bad debts- tenant rents	8,027.46	-----
969 Total operating expenses	<u>872,319.31</u>	<u>524,323.67</u>
970 Excess (deficit) operating revenue over operating expenses	<u>(134,132.17)</u>	<u>6,235,182.26</u>
971 Extraordinary maintenance	3,445.41	----
973 Housing assistance payments	-----	5,731,997.00
974 Depreciation expense	<u>232,206.94</u>	<u>1,720.03</u>
Total expenses other than total operating	<u>235,652.35</u>	<u>5,733,717.03</u>
Excess (deficit) of revenue over expenses before		
1000 operating transfers in (out) and depreciation add back	(369,784.52)	501,465.23
1001 Operating transfers in	<u>157,305.76</u>	-----
Excess (deficit) of revenue over expenses after		
operating transfers in (out) and depreciation add back	\$ <u>(212,478.76)</u>	\$ <u>501,465.23</u>

## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended March 31, 2006

FDS Line Item No.		Capital Fund Program 14.872	Total
	<b>Assets:</b>		
	Current Assets:		
	Cash		
111	Cash-unrestricted	\$ ----	\$ 1,049,273.27
113	Cash-other restricted	----	22,539.01
100	Total cash	----	1,071,812.28
	Accounts and notes receivable:		
124	Accounts receivable- other government	----	35,000.00
126	Accounts receivable- tenants-dwelling rents	----	13,465.01
126.1	Allowance for doubtful accounts-dwelling rents	----	(2,314.00)
129	Accrued interest receivable	----	150.00
120	Total receivables, net of allowance for doubtful accounts	----	46,301.01
	Current investments:		
131	Investments-unrestricted	----	27,500.00
142	Prepaid expenses and other assets	----	14,315.32
143	Inventories	----	450.00
150	Total current assets	----	1,160,378.61
	Noncurrent Assets:		
	Fixed assets:		
161	Land	----	609,714.00
162	Buildings	----	7,469,139.59
163	Furniture, equipment and machinery-dwellings	20,774.68	105,466.68
164	Furniture, equipment and machinery-administration	5,235.00	373,673.39
165	Leasehold improvements	1,690.00	1,690.00
166	Accumulated depreciation	(3,771.32)	(4,604,110.01)
167	Construction in progress	391,785.87	391,785.87
160	Total fixed assets, net of accumulated depreciation	415,714.23	4,347,359.52
180	Total noncurrent assets	415,714.23	4,347,359.52
190	Total Assets	\$ 415,714.23	\$ 5,507,738.13

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended March 31, 2006

FDS Line Item No.		Capital Fund Program 14.872	Total
	<b>Liabilities and Equity:</b>		
	Liabilities:		
	Current Liabilities:		
312	Accounts payable < 90 days	\$ ----	\$ (82,814.13)
322	Accrued compensated absences- current portion	----	(7,293.72)
333	Accounts payable -other government	----	(101,051.35)
341	Tenant security deposits	----	(42,787.67)
342	Deferred revenues	----	(1,578.12)
310	Total current liabilities	----	(235,524.99)
	Noncurrent Liabilities:		
353	Noncurrent liabilities-other	----	(22,539.01)
354	Accrued compensated absences- non current portion	----	(65,643.50)
350	Total noncurrent liabilities	----	(88,182.51)
300	Total liabilities	----	(323,707.50)
	Equity:		
508.1	Investment in capital assets , Net of Related Debt	(415,714.23)	(4,347,359.52)
512.1	Unrestricted Net Assets	----	(836,671.11)
600	Total Liabilities and Equity	\$ (415,714.23)	\$ (5,507,738.13)

## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended March 31, 2006

FDS Line Item No.		Capital Fund Program 14.872	Total
	<b>Revenue:</b>		
703	Net rental revenue	\$ ----	\$ (464,260.38)
704	Tenant revenue-other	----	(5,757.49)
705	Total tenant revenue	----	(470,017.87)
706	HUD PHA operating grants	(157,305.76)	(7,135,767.76)
706.1	HUD PHA capital grants	(238,219.76)	(238,219.76)
711	Investment income-unrestricted	----	(14,202.31)
714	Fraud recovery	----	(6,877.46)
715	Other revenue	----	(26,571.33)
716	Gain on sale of fixed assets	----	(1,562.10)
700	Total revenue	(395,525.52)	(7,893,218.59)
	<b>Expenses:</b>		
	Administrative		
911	Administrative salaries	----	357,769.45
912	Auditing fees	----	14,945.04
914	Compensated absences	----	8,292.92
915	Employee benefit contributions-administrative	----	216,389.60
916	Other operating-administrative	----	80,379.35
	Tenant services		
924	Tenant services-other	----	1,917.89
	Utilities		
931	Water	----	63,468.85
932	Electricity	----	42,458.10
933	Gas	----	54,875.64
	Ordinary maintenance and operation		
941	Ordinary maintenance and operation-labor	----	174,038.66
942	Ordinary maintenance and operation-materials & other	----	33,193.23
943	Ordinary maintenance and operation-contract costs	----	150,725.40
945	Employee benefit contributions-ordinary maintenance	----	118,568.80

## CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended March 31, 2006

FDS Line Item No.		Capital Fund Program 14.872	Total
	General expenses		
961	Insurance premiums	-----	38,983.86
962	Other general expense	-----	4,471.73
963	Payments in lieu of taxes	-----	28,137.00
964	Bad debts- tenant rents	-----	8,027.46
969	Total operating expenses	-----	1,396,642.98
970	Excess (deficit) operating revenue over operating expenses	395,525.52	6,496,575.61
971	Extraordinary maintenance	-----	3,445.41
973	Housing assistance payments	-----	5,731,997.00
974	Depreciation expense	2,716.19	236,643.16
	Total expenses other than total operating	2,716.19	5,972,085.57
	Excess (deficit) of revenue over expenses before		
1000	operating transfers in (out) and depreciation add back	392,809.33	524,490.04
1001	Operating transfers in	-----	157,305.76
1002	Operating transfers out	(157,305.76)	(157,305.76)
	Excess (deficit) of revenue over expenses after		
	operating transfers in (out) and depreciation add back	\$ 235,503.57	\$ 524,490.04

Sailor

Certified Public Accountants

Khan & Co. LLC

**Report on Compliance and on Internal Control Over Financial Reporting Based  
on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Board of Commissioners  
City of Wyoming Housing Commission  
Wyoming, Michigan

We have audited the financial statements of the City of Wyoming Housing Commission, Michigan, (Commission) as of and for the year ended March 31, 2006, and have issued our report thereon dated July 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

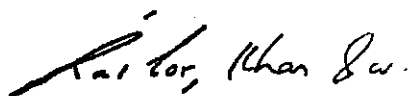
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness.

This report is intended for the information of the City of Wyoming Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co. LLC  
July 20, 2006



**Sailor**

**Certified Public Accountants**

**Khan & Co. LLC**

**Report on Compliance with Requirements Applicable to Each Major Program and  
Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Commissioners  
City of Wyoming Housing Commission  
Wyoming, Michigan

Compliance

We have audited the compliance of the City of Wyoming Housing Commission, Michigan, (Commission) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2006. The Commission's major federal programs are identified in the schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2006. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs.

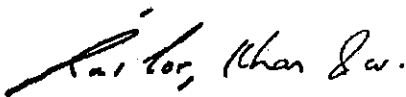
Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Commission's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the City of Wyoming Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co. LLC  
July 20, 2006

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

STATUS OF PRIOR AUDIT FINDINGS

March 31, 2006

The prior audit report for the year ended March 31, 2005 contained no audit findings.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2006

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) on Circular A-133?	Yes
Identification of major programs:	

**CFDA**

<b>Number(s)</b>	<b>Name of Federal Program</b>
14-871	Section 8 Housing Choice Vouchers
14-872	Public and Indian Housing - Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2006

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended March 31, 2006 disclosed the following Financial Statement audit findings:

1. Fixed Assets

Criteria:

The Housing Commission must maintain a detailed fixed asset listing that includes the description, acquisition date and cost of the item. These items then must be depreciated on an item by item basis and reconciled to the general ledger.

Condition:

The Housing Commission does not maintain a detailed fixed asset inventory of certain equipment assets

Questioned Costs:

None

Effect:

The Housing Commission does not adequately control some of its fixed assets.

Cause:

The Housing Commission's internal control procedures do not include maintaining a complete detailed fixed asset listing that is reconciled to the general ledger on a regular basis.

Recommendation:

We recommend the Housing Commission develop a detailed fixed asset listing by performing a thorough physical inventory count. The items on the listing then must be depreciated over their useful life. The various fixed asset accounts and related depreciation then must be reconciled to the general ledger.

Management's Response:

We would like to point out that since FYE 3/31/2003, the assets have been recorded properly, are being depreciated and an inventory is being completed on them each year.

Action Plan:

We will also be working in the next year to clear up the asset detail register so that it accurately reflects the Commission's standing. We will continue to detail assets we acquire.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

March 31, 2006

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

2. Checks Outstanding

Criteria:

Effective cash internal control procedures include reviewing bank reconciliations for items that have not cleared the bank in a reasonable amount of time.

Condition:

There are numerous checks that are outstanding for more than 30 days.

Questioned Costs:

None

Effect:

This condition could potentially affect the accuracy of cash balances.

Cause:

The Housing Commission was unaware of the excessive outstanding check balance and has no policy in regards to outstanding checks.

Recommendation:

We recommend the Housing Commission monitor bank reconciliations on a monthly basis and develop a formal policy whereby outstanding checks are researched and voided appropriately.

Management's Response:

We do have outstanding checks from the Section 8 HAP account. I have discussed the option with several persons in the banking business. They do tell me that a check can more than likely be cashed at any time, even if there is a timeframe printed on the check. Also, to accurately void the check, we are required to put a stop payment on each outstanding check, which can be very costly.

Action Plan:

In an effort to reduce the number of outstanding checks the WHC will have "Void after 90 Days" written on future checks when we submit a new order; we will continue to emphasize electronic deposits to our landlords. We have sent all landlords the notice that effective October 1, 2006 all HAP payments will be done electronically. If the landlord cannot accommodate the electronic transfer, then he/she must ask for an exception. Hopefully, this will reduce the number of checks we issue. We will also make contact with the bank that holds the HAP account to see if we can prevent cashing a range of checks and instead of cashing individual checks. If this is possible, then we will be able to prevent someone from cashing a check written before a specific date.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2006

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

3. Budget Overruns

Criteria:

The Housing Commission must operate within budget constraints.

Condition:

We noted the following budget overruns for fiscal year ended March 31, 2006:

Description	Budget	Actual	Overruns
Administrative	\$ 146,750.00	\$ 156,886.41	\$ 10,136.41
Utilities	146,000.00	160,802.59	14,802.59
Ordinary Maintenance	207,336.00	283,189.30	75,853.30
General Expense	224,250.00	269,523.12	45,273.12
Non routine Expenditures	----	3,445.41	3,445.41
Total Operating Expenditures	728,696.00	845,764.72	117,068.72

Questioned Costs:

None

Effect:

The Housing Commission exceeded the operating budget in the aforementioned categories.

Cause:

The Housing Commission did not ensure that these budget categories were not exceeded.

Recommendation:

We recommend that the Housing Commission place greater emphasis on operating within the budget constraints. Also, when it appears that the current budget has become insufficient, the Housing Commission must prepare a budget revision.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

March 31, 2006

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

3. Budget Overruns (Continued)

Management's Response:

The budget overruns occurred in Administrative salaries, Utilities, Maintenance, General Expense and Non-routine Expenditures. We will keep an eye on the budget and provide the board with a revised one for approval before the end of the fiscal year. We will also ensure that costs are accurately reflected in each line item.

Action Plan:

We will monitor the budget closely and the Executive Director will submit a revised budget to the Board for approval before the end of the fiscal year.



CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

March 31, 2006

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

4. Minutes Not Signed

Criteria:

Minutes of meetings of the Board are incomplete unless they are signed by the Chairman and the Secretary.

Condition:

We noted none of the minutes of the Board were signed by the Secretary and the Chairman of the Board.

Questioned Costs:

None.

Effect:

Minutes of the meetings are considered incomplete.

Cause:

The Housing Commission was unaware of the necessity of minutes being signed by the Secretary and the Chairman.

Recommendations:

We recommend the Housing Commission ensure all minutes are adequately signed.

Management's Response:

I was unaware of the requirement to sign the Board Meeting Minutes. I had thought the approval of the minutes by the Board at the subsequent meeting was sufficient.

Action Plan:

The Board Meeting minutes will be signed monthly.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2006

**SECTION III - FEDERAL AWARD FINDINGS**

The current audit report for the year ended March 31, 2006 disclosed the following Federal Awards audit findings:

5. Davis Bacon

Federal Program:

14.850a - Public and Indian Housing - Low Rent Program

14.872 - Capital Fund Program

Criteria:

The Housing Commission must ensure contractors are in compliance with Davis-Bacon wage rates determined for each job classification by their county.

Condition:

The Housing Commission's contractors were not in compliance with Davis-Bacon wage rates.

Questioned Costs:

None

Effect:

The Housing Commission was not in compliance with the Davis-Bacon Act.

Cause:

There was a lack in the proper supervision of monitoring Davis-Bacon compliance.

Recommendation:

We recommend the Housing Commission review contractor payroll sheets before payment to ensure compliance.

CITY OF WYOMING HOUSING COMMISSION

Wyoming, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

March 31, 2006

**SECTION III - FEDERAL AWARD FINDINGS (CONTINUED)**

5. Davis Bacon (Continued)

Management's Response:

The auditor reviewed the pay scales for a sub-contractor and found that the company was not paying some of its employees Davis Bacon wages. The company has since issued revised payrolls and has paid any employee who was underpaid, the appropriate amount.

Action Plan:

The Executive Director of the Wyoming Housing Commission will in the future review all pay sheets submitted by any contractor for payment. We will check to ensure that the employees are being paid according to the Davis Bacon wage rates before authorizing any payments to the contractor.